

Exporting to Georgia - General Overview

Customs duties — A general view

Foreign goods brought into the customs territory of Georgia, as well as goods imported from the free zone may be placed under the procedure of release for free circulation (import). Upon import, the goods are granted the status of Georgian goods. Georgia has one of the most liberal and competitive trade regimes across the world. In accordance with legislative changes, since 1 September 2006 tariffs on import decreased from 16 tariff rates to 3 (0%, 5% and 12%). Tariffs on imports were abolished on about 85% of goods. There are no seasonal tariffs as well. Tariffs on imported goods are adjusted by the Article XXVIII of the Tax Code of Georgia.

The rates of custom duties are as follows:

- Import tax — 0%, 5%, 12% of customs value or fixed rate (depending on the goods);
- Excise duty — fixed and differentiated according to the type of goods;
- Value Added Tax — the VAT rate is 18% of the import amount.

The applicable duties on imports are import tax, excise duty, and value added tax, as stipulated by the [Tax Code of Georgia](#).

An 18% VAT applies to most imported goods. Fixed excise tax rates apply to certain goods such as alcoholic drinks, ethyl alcohol, ethyl petrol for cars, and cigarettes. The customs value of goods for customs clearance is defined based on the customs declaration.

Imported cars are taxed at GEL 0.05 multiplied by the volume of the engine, plus 5% of import tax on each additional year of ownership.

A combined rate of customs tariffs is applied to alcoholic beverages.

Imports of less than 300 GEL value are entirely exempt from both import tax and VAT.

Export, transit, and re-export of goods are exempt from customs duties and fees.

Some countries are exempt from import tax — such as EU countries and a few others (not the case of Brazil), but VAT may still apply.

Import tax is usually paid within 5 days of when the product arrives at the customs office. The payment deadline for paying VAT is determined at customs. For more detailed information [follow this link](#).

Import Tax

Import tax is levied on goods that cross the economical borders of Georgia (except exports). Depending on the types of products, general rates on imported goods are: 0%, 5%, and 12%.

The specific tax rate can be checked on the [customs department search portal](#) (the database has to be searched by HS codes and works only in the Georgian version of the website – the results will be in Georgian and you will need to use a translation tool like Google Translate to read them, preferably installed as a browser extension) or by consulting the [list of all the items in Article 197 of the tax code](#).

Excise Duty

Excise duty is a tax that an individual pays to the state when purchasing certain goods or services. Locally produced as well as imported products are taxed with excise duty. The objects of excise duty are import and export of excise goods.

Excise duties are imposed on products that can harm people or the environment, such as: alcoholic drink, tobacco products, raw tobacco or tobacco waste, petroleum products, natural gas for condensate or liquefied natural gas or electronic cigarette liquid.

According to Articles 188 and 1881 of the [Tax Code of Georgia](#), the excisable goods shall be subject to the excise tax rates calculated on different basis, as follows:

- For alcoholic beverages - by volume of alcoholic beverages (liters), volume of pure alcohol in alcoholic beverages (1 liter of pure alcohol) and / or percentage of alcohol content;
- For tobacco products (except tobacco raw materials and tobacco waste) - by quantity (track / piece), weight (kg) and / or retail selling price;
- For tobacco raw materials and tobacco waste - by weight (kg);
- For e-cigarette liquids - by volume (ml)
- For oil products - by weight (t);
- For natural gas condensate and / or natural gas - by volume (m³);
- For motor cars and motorcycles (including mopeds) - by age of the vehicle and engine capacity;

Value Added Tax (VAT)

A person who carries out any kind of economic activity, regardless of the purpose and result of this activity, is taxed with VAT.

At the time of release for free circulation (import), the amount of import for VAT purposes is the sum of:

- customs value;
- taxes payable on import, excluding VAT payable in Georgia;
- ancillary cost of services to the import of goods, excluding VAT.

Example: If you import goods with a customs value of 1000 GEL on the territory of Georgia, and the goods are taxed at a 12% import rate, you will have to pay:

$$\text{Import duty} = 1000 * 12 \% = 120 \text{ GEL}$$

$$\text{Value Added Tax} = (1000 + 120) * 18\% = 201,6 \text{ GEL}$$

If VAT applies, it will do so no matter who the recipient is (whether they are a registered VAT payer or not).

Some goods are exempted from value added tax (non-exhaustive list):

- Import of raw materials and substances intended for medicinal purposes.
- Imports for transportation purposes
- Import of goods necessary for the movement of persons with disabilities.
- Import of baby food or hygiene products
- Import of diabetic bread
- Import of property or state property. Import of magazines/newspapers
- Import of money and securities
- Import of natural gas for power generation (thermal power plants).
- Import of agrochemicals, agricultural seeds and planting materials
- Import of fuel in the tank
- Import of gold to be transferred to the National Bank of Georgia
- Import of goods to be transferred for the purpose of humanitarian aid
- Import of diplomatic mission property
- Import of goods intended for the implementation of mandatory signs/markings of excise and/or non-excise goods by a person selected by the Revenue Service in accordance with the rules established by the legislation of Georgia
- Import of personal items and household items intended for oil and gas exploration and production
- import of goods (books)
- Import of electric buses (including electric minibus).

VAT can be deducted from exports/re-exports from Georgia. In addition, if the goods are to be transported by the passenger outside of Georgia as personal luggage, the mentioned tax relief is applied only if the passenger does not live in Georgia (the place specified in the passport or other identity document provided for by Georgian legislation is not Georgia), the goods are transported from Georgia within 90 days, and the value of the goods, including VAT, exceeds 600 GEL.

Note: Article 173 of the new VAT provisions lists all the goods that are exempt from VAT on import. In addition to that, goods that are in connection with large-scale projects (pipelines, etc.) that are regulated by international treaties are also exempt.

Import procedures

The basic import procedures require a declaration (filling in the customs entry), an invoice, and transport documentation. The Customs Code of Georgia does not require financial guarantees from importers to Georgia prior to the customs clearance, except for the temporary entry of goods.

Goods can be declared:

- By customs entry (declaration) of goods;
- By a simplified customs declaration, which is filled in the form of customs declaration of goods;
- Using customs declaration by a natural person - Form 4 or a customs declaration of goods of a natural person;
- Customs declaration of the vehicle;
- By postal declaration.

Submission of customs declaration and declaring of goods can be done:

- After importing the goods into the customs territory of Georgia;
- In advance (preliminary declaration) (before importing the goods into the customs territory of Georgia) not earlier than 45 calendar days. In case of import within 45 calendar days after the registration of the customs declaration, the goods must be re-declared.

Completion of the customs declaration, except in cases provided by the customs legislation, is carried out by the customs authority.

Reexports

The export procedure allows moving goods of Georgia outside the customs territory of Georgia (including temporarily, on the condition of return), as well as to a free zone.

The goods of Georgia leaving the customs territory of Georgia shall be placed under the export procedure, except for:

- the goods placed under the procedure of outward processing;
- the goods moved outside the customs territory of Georgia which were placed under the procedure of targeted use before that movement;
- the goods supplied to the board for performing international air and sea passages exempt from VAT and excise. In addition, the reporting provided for by Georgian legislation shall be performed.

The export procedure may also apply to:

- the goods placed under the procedure of outward processing before the expiry of the time frame, if a declarant provides to the customs authority a document proving the alienation of goods;
- the goods of Georgia moved to the area of a free zone before the establishment of the latter within not later than 90 calendar days after the free zone starts operation, if the declarant submits to the customs clearance authority a document proving the alienation of goods to a FIZ (free industrial zone) enterprise.

When being moved from the customs territory of Georgia or in the free zone, the goods placed under the export procedure shall be in the same condition as on the day of registration of the customs declaration of the export procedure (except for the changes caused by natural wear, transportation or the natural losses which are characteristic of the normal conditions of storage).

Crossing the customs border of Georgia or placing in the free zone using the procedure of goods export shall be allowed only for the goods whose export from the customs territory of Georgia or whose movement in the free zone is not prohibited.

Non-tariff system

Liberal foreign trade policy is one of the major principles of the economic policy of Georgia. Georgia has no quantitative restrictions (quotas) on trade (except on ozone depleting substances). Only medical products, firearms, explosives, radioactive substances, dual use goods, industrial waste, and a few types of agricultural chemical products are subject to import/export licensing. In 2005, the number of permits for import and export was reduced from 14 to eight, where it has remained until the present. Excise taxes and VAT apply equally on imported and domestic products.

Based on the Law of Georgia on Licenses and Permits, the legislation does not consider any non-tariff limitations in foreign trade (licenses, quotas, prohibitions and other) except, when restrictions are necessary for healthcare, security and environment protection purposes. Specifically, the following licenses and permits are issued:

- Permit on Import of goods subject to phytosanitary and veterinary control (National Agency for Food Safety under the Ministry of Agriculture of Georgia);
- License on Export-Import of means of electronic surveillance (Ministry of Internal Affairs of Georgia);
- Permit on Import, Export, Re-export or Transit of materials of limited circulation (Ministry of Environment and Natural Resources Protection of Georgia);
- Permit on Import, Export or Transit of nuclear and radioactive objects, nuclear materials, radioactive substances, radioactive wastes and minerals (subsoil) (Ministry of Energy);
- Permit on Import, Export, Re-export, and Transit of arms and ammunition (Ministry of Defense of Georgia);
- Permit on Import, Export, Re-export or Transit of dual use items (LEPL “Revenue Service”);
- Permit on Import or Export of medicines and pharmaceuticals subject to special control (Ministry of Labor, Health and Social Affairs of Georgia);
- Permit on Import of non-iodized salt (Ministry of Agriculture of Georgia);
- Permit on Import, Export, Re-export, and Introduction from the Sea of Species, Their Parts and Derivatives Included in the Annexes of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (Ministry of Environment and Natural Resources Protection of Georgia).

Market Access – Operational Practices

The goods introduced to Georgian market can enter its territory through the following modes: Maritime, air, trucks and rail. Beside the custom clearance procedures laid out by Georgian Code of Customs, free industrial zones have been established aiming to better integrate Georgia into the global supply chain by offering fiscal incentives and operational or support services. Currently there are four free zones located in the cities of Tbilisi, Kutaisi and Poti. Although Georgia has ratified the Revised Kyoto Convention, it has not accepted any of its specific annexes, including Specific Annex D, Chapter 2 of which lists 21 standards covering a wide range of Customs procedures related to free zone operations. However, in establishing its free industrial zones, Georgia did largely align its legislation with the provisions of Chapter 2, with one main exception as stated below.

Article 9 of Chapter 2 states that “no goods declaration should be required by Customs in respect of goods introduced into a free zone directly from abroad if the information is already available on the documents accompanying the goods.” In the case of Georgia, all transactions must be registered in the Customs automated system, including imports into its free industrial zones.

Shipments entering the free industrial zone are regarded as exports, while shipments leaving the zone are regarded as exports if the destination is a foreign country or as imports if the destination is the Customs territory of Georgia. To operate in the zone, companies must acquire a license from the zone administrator. The scope of activities allowed in such zones includes logistics, production, processing, warehousing, hardware and information technology (IT) solutions, and intangible assets (provision of services).

The Customs Service is present at the zones 24/7 and has the right to perform scheduled or random checks of the premises and inventory of companies located therein. Goods entering the zones must belong to a registered company. Imports and exports as well as transit operations between the zones are managed through the Customs automated system as well as through the Tax Administration Information System. Specific risk indicators designed to target risks most common to the free industrial zones have been fed into the Customs risk engine.

Incoming and outgoing transport operations and Customs clearances are processed according to the “one-stop shop” principle, and services such as the electronic submission of Customs documents, the remote acceptance of electronic signatures, and the payment of duties, taxes and service fees via online banking services are provided to importers or exporters. As a result, they do not need to be physically present during the Customs clearance process or other Customs procedure.

There are following [Custom Clearance Zones](#) operating in Georgia:

- Postal Customs Control Department
- Economic zone of electronic registration - "eGez"
- Clearance Economic Zone "Tbilisi"
- Clearance Economic Zone "Batumi"

- Clearance Economic Zone “Poti”
- Clearance economic zone "Airport"
- Clearance Economic Zone "Tbilisi 2"
- Rustavi department
- Telavi department
- Akhaltsikhe Department
- Kutaisi Department

For more information: <https://www.rs.ge/Home-en>; info@rs.ge

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Contatos do Revenue Service georgiano:

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